



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 4
AGENDA DATE: 5/15/08
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SUBJECT: Authorize the negotiation and execution of a loan to GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION, Austin, Texas, under the Acquisition and Development Program, in an amount not to exceed \$620,000 00 to provide principal buy-down and closing cost assistance in the form of deferred loans to eight low-and moderate-income first-time homebuyer families purchasing homes on Perry Road, Austin, Texas

AMOUNT & SOURCE OF FUNDING: \$620,000 is available in HOME grant funds allocated in the FY 2007-08 Austin Housing Finance Corporation budget

FISCAL NOTE: There is no unanticipated fiscal impact A fiscal note is not required

REQUESTING DEPARTMENT: Austin Housing Finance Corporation **DIRECTOR'S AUTHORIZATION: _____**

FOR MORE INFORMATION CONTACT: Margaret Shaw, Austin Housing Finance Corporation, 974-3184

PRIOR BOARD ACTION: N/A

PRIOR COUNCIL ACTION: N/A

This authorizes the Austin Housing Finance Corporation (AHFC) Board to negotiate and execute an *Acquisition and Development Program loan in an amount not to exceed \$620,000 00 to the Guadalupe Neighborhood Development Corporation (GNDC) to provide principal buy-down and closing cost assistance ("homebuyer assistance") to eight first-time homebuyer families*. The homes are to be built in a new subdivision being developed on Perry Road. In addition to providing principal buy-down and closing cost assistance for first-time homebuyers, GNDC intends to use a different loan from AHFC to acquire eight affordable single-family rental housing units also located on Perry Road that will be rented to low and moderate income families. That loan is the subject of a separate Request for Board Action.

The homebuyer assistance will be in the form of a deferred loan to the homebuyer to be repaid upon sale of the home, refinancing, if the property ceases to be the buyer's primary residence, or upon full repayment of the 1st mortgage.

These two-, three-, and four-bedroom homes will be sold to first-time homebuyers earning no more than 80 percent of the Area Median Family Income (MFI), currently \$56,900 00 for a family of four. All homes will comply with the S M A R T Housing™ Ordinance. All prospective buyers will be required to take a homebuyer education course such as AHFC's *Housing Smarts* or a similar course offered by Frameworks Community Development Corporation.

The goal of this project is to sell six of the eight properties in a shared equity agreement, and to place two homes in a Community Land Trust. Sales prices are expected to range between \$190,000 00 and \$253,000 00. The homes will be made affordable using homebuyer assistance loans, plus a contribution from the developer. The two homes placed in a Community Land Trust will not have the cost of land as a factor in the sales price and will be affordable to even lower-income households. It is estimated that the mortgage amounts for each of the eight homes will range from \$75,000 00 to \$135,000 00.

GNDC is a non-profit 501(c)(3) organization and is certified by the City of Austin as a Community Housing Development Organization (CHDO). GNDC was established in 1981 to provide affordable housing to low and moderate-income families in the Guadalupe neighborhood. GNDC has developed 149 units of affordable housing, including 82 units for homeownership.

| <u>Sources of Funds:</u> | | <u>Uses:</u> | |
|--------------------------|---------------------|----------------------------|---------------------|
| HOME funds | \$620,000 00 | Homebuyer Assistance Loans | \$620,000 00 |
| Total | \$620,000.00 | Total | \$620,000.00 |

The requested funding is available in the Fiscal Year 2007-2008 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market-rate financing to provide homeownership opportunities for low- and moderate-income households.